

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7621

BILL NUMBER: HB 1416

NOTE PREPARED: Jan 10, 2007

BILL AMENDED:

SUBJECT: Health fee disclosures to patients.

FIRST AUTHOR: Rep. Ripley

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires health care providers and health care facilities to provide certain health fee information related to health benefit plans to their patients. It requires that certain notices be included in bills and statements. It provides that a violation constitutes a false or misleading written statement for purposes of the statute on the crime of deception.

Effective Date: July 1, 2007.

Explanation of State Expenditures: Individuals who violate the requirements may be charged with committing an unfair and deceptive act or practice in the business of insurance and may be subject to a hearing by the Commissioner of Insurance. Adding certain requirements that are subject to the unfair and deceptive act or practice could increase the number of violations for which a hearing may ensue. However, the Department of Insurance (DOI) should be able to handle any additional expenses given its current level of budget and resources.

Explanation of State Revenues: As a result of the hearing, violators may be ordered to cease and desist from the unfair or deceptive act or practice, and the Commissioner may order the payment of a civil penalty of not more than \$25,000 for each act or violation. If the person knew or reasonably should have known that he or she was in violation, the penalty may be not more than \$50,000 for each act or violation. Civil penalties imposed and collected are deposited in the state General Fund.

Class A Misdemeanor: A bill or other writing sent by a contracted health care provider to an enrollee or insured in violation of the above provisions constitutes a false or misleading written statement which is a Class A Misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common

School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000. However, any additional revenue would likely be small.

Explanation of Local Expenditures: Class A Misdemeanor: A Class A misdemeanor is punishable by up to one year in jail.

Explanation of Local Revenues: Class A Misdemeanor: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected:

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.